

Subcommittee on Revenue

The Revenue Subcommittee makes the following recommendations on revenues available to be spent from the State General Fund.

For the current FY 2006, the Subcommittee notes that revenues are approximately 2.0% above the original estimate. The Subcommittee believes that this can be attributable to strong economic growth. The Subcommittee recommends that revenues for the State General Fund be revised to **\$1,030,160,725**. This amount includes \$790,370,713 from taxes, \$236,864,958 from other revenues, and \$2,925,054 one-time miscellaneous sources. The following table shows the specific amounts estimated to come from each source.

	FY 2006		
	<u>LRC Revised Estimate</u>	<u>BFM Revised Estimate</u>	<u>Subcommittee Recommendation</u>
<u>RECEIPTS</u>			
Taxes			
Sales and Use Tax	\$ 570,788,457	\$ 571,788,267	\$ 571,788,267
Contractor's Excise Tax	72,577,578	73,056,810	73,056,810
Alcohol Beverage Tax	8,581,413	8,715,414	8,715,414
Alcohol Beverage Wholesale Tax	1,033,447	983,460	1,033,447
Cigarette Tax	28,366,538	28,356,803	28,366,538
Bank Franchise Tax	37,773,778	44,784,381	44,784,381
Insurance Company Tax	59,256,238	59,885,017	59,885,017
Inheritance Tax	847,266	750,000	847,266
Severance Taxes	1,893,573	1,888,004	1,893,573
Total Taxes	\$ 781,118,288	\$ 790,208,156	\$ 790,370,713
Other Revenue			
Licenses, Permits, and Fees	\$ 40,637,831	\$ 34,890,961	\$ 37,637,831
Investment Income and Interest	11,683,237	9,434,697	10,683,237
Charges for Goods and Services	13,310,000	10,633,430	12,310,000
South Dakota Lottery	4,932,025	5,204,927	5,204,927
Property Tax Reduction Fund	115,364,895	116,190,377	116,190,377
Net Transfers In	10,475,169	9,239,420	10,475,169
Sale-Leaseback	11,175,075	11,175,075	11,175,075
CRP Program	1,179,058	1,115,656	1,179,058
Trust Funds Annual Transfer	32,009,284	32,009,283	32,009,284
Total Other Revenue	\$ 240,766,574	\$ 229,893,826	\$ 236,864,958
Transfers In and One-Time Revenues			
Unspent Appropriations	819,857	\$ 819,857	\$ 819,857
Securities Global Settlement	504,000	287,500	287,500
Food Service Settlement	872,408	872,408	872,408
Refinancing Gains	945,289	945,289	945,289
Total Transfers In and One-Time Revenues	\$ 3,141,554	\$ 2,925,054	\$ 2,925,054
TOTAL Receipts	\$ 1,025,026,416	\$ 1,023,027,036	\$ 1,030,160,725

The Subcommittee recommends that the revenue estimate for FY 2007 be **\$1,069,874,784**. This amount includes \$828,726,223 from taxes, and \$241,148,561 from other revenues. The following table shows the specific amounts estimated to come from each source.

	FY 2007		
	<u>LRC Projected Estimate</u>	<u>BFM Revised Estimate</u>	<u>Subcommittee Recommendation</u>
RECEIPTS			
Taxes			
Sales and Use Tax	\$ 603,494,635	\$ 604,653,599	\$ 604,653,599
Contractor's Excise Tax	78,841,978	77,570,015	78,841,978
Alcohol Beverage Tax	8,766,160	8,814,476	8,814,476
Alcohol Beverage Wholesale Tax	1,074,361	1,033,061	1,074,361
Cigarette Tax	27,354,822	27,740,279	27,740,279
Bank Franchise Tax	39,088,244	41,078,381	41,078,381
Insurance Company Tax	62,636,292	64,557,330	64,557,330
Inheritance Tax	200,000	250,000	250,000
Severance Taxes	1,518,424	1,715,819	1,715,819
Total Taxes	\$ 822,974,916	\$ 827,412,960	\$ 828,726,223
Other Revenue			
Licenses, Permits, and Fees	\$ 36,119,160	\$ 36,938,536	\$ 36,938,536
Investment Income and Interest	13,860,130	10,685,080	13,860,130
Charges for Goods and Services	10,329,327	11,557,253	11,557,253
South Dakota Lottery	5,002,060	8,425,249	8,425,249
Property Tax Reduction Fund	118,006,751	118,777,787	118,777,787
Net Transfers In	12,153,283	8,625,656	8,625,656
Sale-Leaseback	10,498,875	10,498,875	10,498,875
CRP Program	1,007,687	1,108,425	1,108,425
Trust Funds Annual Transfer	31,356,650	31,356,650	31,356,650
Total Other Revenue	\$ 238,333,923	\$ 237,973,511	\$ 241,148,561
Total Transfers In and One-Time Revenues	\$ -	\$ -	\$ -
TOTAL Receipts	\$ 1,061,308,839	\$ 1,065,386,471	\$ 1,069,874,784

The Subcommittee observes that the revenue estimates provided by both the Legislative Research Council and the Bureau of Finance and Management relied upon some pending legislation. Since other pending legislation may impact revenues, the Subcommittee recommends that the above estimates be tentatively approved for the purposes of debating and passing SB 209, the general appropriations act. On the 35th Legislative Day the Joint Committee should review its revenue estimates and revise them, if necessary, to take into account the impact of additional legislation. The Subcommittee requests the LRC, BFM, and the Revenue Department to provide additional information at that meeting.